

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:733
ANSWERED ON:28.04.2016
Loss incurred by Aviation Sector
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Will the Minister of CIVIL AVIATION be pleased to state:

- (a) the total loss incurred by the aviation sector during the financial year 2015-16 and the percentage of total loss incurred by Air India during the same period along with the reasons therefor;
- (b) the total number of airports operational in the country and the number of profitable airports operational during financial year, 2015-16;
- (c) whether the Government has institutionalised any mechanism for the settlement of loans and system of recovery on the losses incurred by Air India; and
- (d) if so, the details thereof?

Answer

Minister of State in the Ministry of CIVIL AVIATION

(Dr Mahesh Sharma)

(a) : The financial performance for the year 2015-16 for carriers other than Air India Limited is not available as Airlines submit their financial performance after audit of their balance sheet.

With regard to Air India Limited, it is likely to suffer a total Net Loss of Rs.2636.00 crores in 2015-16. It may be stated that Air India Ltd. has been facing losses in the past few years on account of a multitude of factors. The main reasons for the losses of the company during 2015-16 are given hereunder:

- High interest burden,
- Increase in competition especially from low cost carriers,
- High Airport User Charges,
- Adverse impact of exchange rate variation due to weakening of the Indian Rupee.

(b): Airports Authority of India (AAI) owns and maintains 125 airports including 26 civil enclaves with scheduled flight operations at 70 of its airports.

The number of profitable airports during 2015-16 are 12 (provisional).

(c) and (d): The Government has already approved the Turnaround Plan (TAP) and the Financial Restructuring Plan (FRP) of Air India in terms of which the Government is infusing Equity in to Air India. This Equity infusion also includes the financial support towards the repayment of Principal as well as Interest on the Government guaranteed Loans taken for the acquisition of aircraft by Air India Ltd. As per the TAP, Government will infuse Rs.18929 crores for repayment of the Government Guaranteed Loans/ Interest till FY 2020-21. Till March 2016, the Government has already infused an amount of Rs.22280 crores in the form of Equity Infusion into Air India.

Accordingly, Air India has also discharged off all its aircraft loans and interest liabilities thereon at the end of March, 2016. For the year 2016- 17 Government has further approved an Equity Infusion of Rs.1713 crores in line with TAP recommendations. The TAP/FRP also provides that equity would be infused subject to achievement of certain laid down milestones. The Company has achieved most of the targets set out in the TAP milestones, and has made progress in both Operational as well as Financial Areas.